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## IOWA UTILITIES BOARD Energy Section

Docket Nos.: RPU-2013-0002 (TF-2014-0039)

Utility: Iowa-American Water Company

Memo Date: April 17, 2014

**TO:** The Board

**FROM:** Bob LaRocca, Team Leader  
Barb Oswalt

**SUBJECT:** Approval of Revised Compliance Tariffs

### **I. Background and Analysis**

On February 28, 2014, the Board issued its final decision and order in Iowa-American Water Company's (Iowa-American) rate proceeding, Docket No. RPU-2013-0002. In its final order, the Board ordered Iowa-American to file compliance tariffs which, among other things, would recover all public fire costs and 25 percent of private fire costs through general metered services rates—with half of these costs recovered through the fixed monthly charge and half through volumetric rates.

On March 6, 2014, Iowa-American filed its proposed compliance rates. On March 11 and 18, 2014, Iowa-American filed additional information supporting its compliance filing. The Consumer Advocate Division of the Department of Justice (Consumer Advocate) filed an objection to the proposed compliance rates on March 18, 2014.

The Board issued an order on April 7, 2014, rejecting Iowa-American's compliance filings. Among other things, the Board said that recovering the applicable fire-related costs through the customer charge based on the number of customers rather than meter equivalents was contrary to the Board's final order. The Board also said that Iowa-American did not appropriately spread the volumetric portion of fire costs across all four rate blocks.

On April 9, 2014, Iowa-American filed its revised compliance tariff filing identified as Docket No. TF-2014-0039. This filing is intended to comply with the Board's February 28 and April 7, 2014, orders. On April 16, 2014, Iowa-American filed an updated proof-of-revenue calculation. On April 17, 2014, Consumer Advocate filed a response indicating it does not object to Iowa-American's revised compliance filing.

### **II. Legal Standards**

The Board has jurisdiction of the parties and subject matter in Docket Nos. RPU-2013-0002 and TF-2014-0039, pursuant to Iowa Code chapter 476 (2013).

### **III. Analysis**

The revised compliance rates Iowa-American proposes in TF-2014-0039 include the applicable fire-related costs in the customer charge and volumetric rates consistent with the Board's April 7, 2014, Order Rejecting Compliance Tariffs. The fire-related costs recovered through the customer charge are based on meter equivalents and each block rate recovers a portion of fire-related costs. Additionally, the revised proof-of-revenue calculation demonstrates that based on test year billing units, the proposed rates would not recover revenue in excess of the approved revenue requirement.

Staff believes the proposed rates Iowa-American filed on April 9, 2014, comply with the Board's April 7, 2014, Order Rejecting Compliance Tariffs.

### **IV. Recommendation**

Attached for the Board's consideration is an order approving the compliance tariffs Iowa-American filed on April 9, 2014.

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